

Firms Seek Pentagon's Secret Files

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The Pentagon's chief business advisers have quietly urged the government to open its intelligence files for industry. The files, they say, would make it easier to keep militants out of defense plants.

The proposal was made last February at a closed-door, Defense Department meeting of the Industry Advisory Council, or IAC. Mark Shepherd, Jr., president of Texas Instruments, told fellow IAC members and ranking Pentagon officials:

"Industry's immediate problem is to protect itself through some means from the violence-oriented militant. Much of the legislation dealing with the social ills of our society over the past 15 to 20 years has unwittingly limited or eliminated many of the former methods used by companies to screen out this type of individual."

Shepherd, whose firm is the 32d biggest defense contractor, asserted that "our first order of business would be to take the necessary action to enable the government to share its intelligence with industry in some appropriate manner."

In addition to "an interchange of intelligence," Shepherd proposed:

- "A central repository of criminal data for the purpose of screening job applicants."
- "Special FBI agents who can work closely with companies on an area-by-area basis to identify potential militants."

Shepherd's view, IAC records disclose, was enthusiastically endorsed by other defense industry executives at the meeting. William P. Gwinn, chairman of United Aircraft, the 8th ranking Pentagon contractor, said:

"It is conceivable that if the present restrictions on the release of such information to industry are not modified, industry may in effect have to establish an undercover organization of its own in order to protect itself."

See SECRET, A2, Col. 1

CAB unit dropped. A3

SECRET, From A1

The meeting's minutes, obtained by The Washington Post, do not disclose the reaction of David Packard, chairman of IAC and deputy defense secretary, and the Pentagon generally to the proposals of its industrial advisers.

But Joseph J. Liebling, deputy assistant secretary for security policy, observed in a telephone interview that the department, in 1969, endorsed a section of a bill that would enable federal agencies to give intelligence information to private defense facilities. The measure was sponsored by Richard Ichord (D-Mo.) chairman of the House Internal Security Committee, the old Un-American Activities Committee.

The IAC executive secretary, Robert D. Lyons, minimized the importance of Shepherd's plan. He told a reporter he knew of no action that had been taken on it and remarked that IAC had not created a subcommittee to give it further study.

But another participant in the meeting, Maj. Gen. Lloyd B. Ramsey, the Army's provost marshal general, had a different view. He said that Shepherd's presentation was "received extremely well."

Ramsey recalled that Shepherd had said "living within the rules is very difficult" and that another, unidentified executive then commented, "Running industry, you can't live within the rules."

Ramsey said that "my own feeling is that he (Shepherd) brought up some excellent points."

The IAC consists of 24 leading executives, mostly drawn from the defense industry and its financiers, who serve on a rotating basis. They meet with Packard and other high Pentagon aides three times a year and are largely concerned with contracts and profits. IAC was created by Robert S. McNamara 10 years ago to provide "direct and regular contact" between Defense and industry. Its two-day gatherings, always in private, bring together top leaders of the defense industry and high Pentagon officials.

Throughout Government

A Senate Subcommittee on Intergovernmental Relations under Lee Metcalf (D-Mont.) has been investigating the nature and influence of business

advisory groups on agencies and departments throughout the government. Metcalf is planning to hold hearings in mid-June on the Pentagon's IAC. The senator has introduced a bill to broaden the membership of these advisory groups, require them to maintain a full transcript of their

proceedings and open their sessions to the public.

At IAC's afternoon meeting on Feb. 12, the subject of "Plant Security" was on the agenda and it was there that Shepherd advanced his plan.

Much of his prepared text dealt with what he regarded as legal and administrative curbs on industry's freedom to screen prospective employees. He talked of "drastic limitations" in many states "on such useful screening instruments as the polygraph (the so-called lie detector). He complained that "legislation aimed at prohibiting discriminatory practices has forced the removal of certain questions from the application for employment form."

He singled out a federal court decision under the Civil Rights Act which, he said, prevents employers from asking applicants whether they have ever been arrested.

"This is a severe restriction," Shepherd said. "Industry must have this latitude in regard to background investigations—not only for the purpose of screening out, but also to identify those employees with a propensity for violent activity."

"The amendment or elimination of this question enables an applicant who has multiple arrests for loitering, illegal picketing, disorderly conduct, and a host of other misdemeanor charges frequently associated with militants, to avoid having to reveal such a sordid background for a prospective employer."

Shepherd did not contend that industry was prohibited from asking applicants about convictions, as opposed to arrests.

August Guideline

He twice complained of a new guideline issued in August by the Equal Employment Opportunity Commission. It prohibits job tests that have "no known significant re-

lationship to job behavior," noting that "doubtful testing practices . . . tend to have discriminatory effects."

This rule, said Shepherd, "poses a problem in the security area for industry." He added that he does not oppose "reasonable restrictions aimed at avoiding discrimination. It is simply that these regulations, regardless of merit, further impair an employer's attempt to effectively screen out a potentially dangerous individual."

"Over the past four decades," Shepherd said, "management has encountered a mounting number of restrictions from federal and state legislation and union contract provisions relative to termination of employees. To me, this clearly indicates the necessity and desirability of maximizing, rather than restricting,

our ability to identify militants prior to employment."

The Texas Instruments chief also cited court decisions governing libel and prohibiting "blacklisting" for union activity."

"These decisions have made it an extremely precarious practice to divulge to another company the reason for an employee's termination beyond the most innocuous statement," he said.

Shepherd nowhere defines the militants he thinks threaten plant security. Nor does he mention the fact that an extensive plant screening program is in existence under the Pentagon's Defense Supply Agency.

At the end of 1969, 13,255 plants engaged in classified work came under this program. All employees engaged in classified work must be cleared by the Pentagon unit which requires workers to fill out detailed questionnaires.

In determining whether a new worker is eligible for clearance, the Pentagon considers 21 criteria, including whether the man has a "sympathetic interest in . . . subversive movements," "any behavior, activities or associations which tend to show that the individual is not reliable or trustworthy" and similar, broad categories.

Despite Shepherd's complaint that law enforcement agencies are reluctant to give industry their files, he acknowledged:

"Companies large enough to

warrant full-time professional security staffs usually make suitable legitimate arrangements for these checks at local police departments and sheriff's offices."

United Aircraft

Gwinn of United Aircraft, also noted that:

"We, like your organization, because of numerous contacts that our plant protection people have with various agencies are able, fortunately, to obtain much information unofficially. We believe, however, that the government agencies should release this information to industry as a matter of right . . . If infiltration of industry by leftwing militants is to be stopped, industry must have access to the information now available in the files of various government agencies."

Another strong endorsement came from IAC member Willard F. Rockwell, Jr., chairman of North American Rockwell, the 7th ranking defense contractor.

Like Shepherd, Rockwell's language implied that union organizers would be an appropriate target for screening.

"It is important," Rockwell said, for a plant "to be able to maintain a reasonable working environment for all its employees. A worker does not need to plant a bomb to have

a degrading and demoralizing influence on his activity. There is a fine line between the agitator and the militant. If an individual has a bad record . . . employ him . . . in an environment that will . . . minimize the circumstances that would be conducive to negative behavior."

Ramsey, the provost marshal general, also addressed the IAC meeting and warned that "industry has an enemy more so now than ever before."

He called for "industrial defense decisions . . . based on the hard realities of the offensive capabilities of the terrorists, activists and revolutionaries."

'Something More Sinister'

The "threat," he said, "is created by a mixture of militant minority groups and conspirators . . . We are moving from the riots characterized by mindless destruction to something more sinister: the increase in the national crime rate; student unrest and disobedience; the 'hit and run' tactics of the hoodlum element and the escalation of terrorist bombings may be indicators of worse things to come."

"Proponents of this movement," Ramsey said, employ techniques that "range from infiltration to cause unrest and dissension among the work force to the use of explosives in the destruction of property."

Ramsey has recently explained that his reference to causing worker unrest did not refer to union activity and that, in fact, he knew of no group now engaged in such activity. He said he was talking about "a possibility."

At the IAC gathering, Ramsey urged the executives to draw up "industrial defense plans" and offered his staff to advise on them.

Ramsey told a reporter he received a "very interested" response from the "high powered" executives assembled. Under the auspices of the National Association of Manufacturers, he said, he has been addressing "seminars" on plant security across the country and is now gaining the attention of "top management."